

12 October 1982

MEMORANDUM FOR: National Intelligence Officer
Nuclear Proliferation

FROM : [REDACTED]
Weapons Proliferation/ISID/OGI

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SUBJECT : The IAEA's Role in US Nonproliferation Policy

The US decision to reassess its participation in the International Atomic Energy Agency (IAEA) raises basic questions about the value of this organization to US foreign policy objectives. Relevant to this reassessment is the need to examine the impact of a US withdrawal on the IAEA and whether such a step would make it more difficult for the United States to achieve its [REDACTED]

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[REDACTED] in some other fashion. In this regard, the reactions of the western industrial nations are crucial to any effort to reform the IAEA, or should that objective appear unattainable, to a search for alternative arrangements that would essentially preserve the main elements of the global nonproliferation regime.

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There appear to be at least three major contributions that the IAEA makes in furtherance of US policy objectives. It offers:

- o A widely accepted safeguards system

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- o A politically legitimate forum for addressing proliferation problems.

A Safeguards System

The IAEA administers a safeguards system which plays a central role in monitoring nuclear transfers to both NPT and non-NPT states. The United States in particular is required by domestic legislation to have assurances that IAEA safeguards are in effect before the Nuclear Regulatory Commission can issue licenses for nuclear exports from this country.

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There do not appear to be any ready alternatives to the IAEA's safeguards function that promise to be any more effective or politically feasible. Washington could attempt to satisfy such a requirement by relying exclusively on bilateral-type safeguards arrangements. However, the political problems in persuading customers of US nuclear firms to revert to bilateral safeguards would be formidable. The United States has the legal option in its nuclear cooperation agreements with other countries to utilize bilateral safeguards as a fall-back option but Washington would have to argue that IAEA safeguards are no longer adequate--a proposition that many US customers would be unwilling to accept. This resistance to change reflects the basic fact that most nations have been willing to accept safeguards in large part because they are administered by an international institution that is politically neutral.

An additional consideration in reverting to a bilateral safeguards system would be the extra cost to the United States in terms of money and personnel. Several million dollars would be required to substitute for the inspections of US-supplied nuclear facilities currently administered by the IAEA's safeguards department. Furthermore, a bilateral safeguards system in a situation where there are numerous alternative suppliers could never provide Washington assurances about the effective maintenance of full-scope safeguards over nuclear programs of other countries. Even if the United States chose to terminate its support for the IAEA, Washington would still be dependent on this organization for assurances that non-US nuclear transfers are under safeguards.

It is highly improbable that other nuclear supplier states would join the United States in any attempt to create a new safeguards system administered by the exporters themselves. A supplier-based system of nuclear safeguards is unlikely to succeed because other western nations believe that such a system would make the safeguards issue a focal point of North-South conflict. Hardly any western supplier state would endorse such a proposal because it would trigger harsh criticism from many developing nations that the suppliers were creating a nuclear OPEC to manipulate nuclear trade on their own terms. Developing nations would argue that a "suppliers cartel" is a flagrant violation of the letter and spirit of the Non-Proliferation Treaty which promised them full access to nuclear technology for peaceful purposes. In addition, the emergence of nuclear supplier states in the Third World coupled with China's refusal to adhere to established practices under the existing safeguards system would still pose a fundamental problem.

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A Source of Intelligence

The IAEA provides unique intelligence access to the nuclear programs of potential proliferators. A nation harboring an interest in a nuclear weapons option does not have to sign the Non-Proliferation Treaty but it must be a member of the IAEA and accept its safeguards if it has any hope of acquiring western or Soviet nuclear technology through legitimate channels. The IAEA through its inspectorate, therefore, is able to obtain information that can be vital to any effort to determine whether a nation is honoring its commitment not to use nuclear material, equipment, and technology for military purposes.

Through its participation in the IAEA, the United States obtains information, not otherwise available, concerning the informal perceptions of IAEA inspectors about the danger of nuclear proliferation in member countries, and the IAEA's judgments as to the adequacy of its monitoring system. The loss of this information would reduce the US Government's confidence in its own judgments on these issues.

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A Legitimate Political Forum

IAEA also offers the United States a convenient and politically acceptable forum for addressing major proliferation problems posed by certain countries. Even though the United States can exercise considerable leverage through its bilateral relationships with some potential proliferators such as South Korea, Taiwan, and, to a lesser extent, Pakistan, there is a need--once a country has or is about to cross the nuclear threshold--to treat the issue as a general threat to the entire nonproliferation regime. The threat cannot be managed exclusively in a bilateral context or as an issue for the suppliers to resolve.

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Furthermore, the United States would find it more difficult to press its concerns about certain countries with which it has virtually no nuclear relationship, should Washington approve withdrawal from the IAEA. For example, US leverage over the nuclear programs of Argentina, Brazil, South Africa, Iraq, and Libya is marginal and we have absolutely no influence over the nuclear activities of the East European nations and North Korea. Participation in the IAEA, gives Washington a channel for expressing concern that nuclear activities in these countries remain devoted to peaceful purposes. In addition, the US is in part able via the IAEA to cross check the extent to which the Soviets and western suppliers are receiving assurances that their nuclear assistance to potential proliferators is not being misused for military purposes.

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We believe that there is no effective substitute for the IAEA at least in these three areas of US policy interest. Furthermore, a US decision to withdraw permanently from the IAEA could mean the organization would no longer effectively serve the interests of other member states. Other western supplier states would have to greatly increase their financial contribution to maintain a reliable safeguards system. Failure to make up for the loss of the substantial US financial and technical contribution would create major problems for the suppliers whose nonproliferation policies are predicated on a continuation of the IAEA safeguards regime.

Developing nations, for their part, would probably conclude that the IAEA no longer has much to offer them because a large portion of technical assistance for such countries has come from the United States. Since the developing nations have a far greater interest in the IAEA's technical assistance programs than its regulatory function as administrator of nuclear safeguards, the delicate balance of costs and benefits for them would quickly become negative following the termination of US participation in the organization. Most probably would choose to remain members of the IAEA but few would be prepared to accept improvements in the safeguards system that might be proposed by western member states should there be a reduction in technical assistance programs.

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